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U.S. COMMODITY FUTURES TRADING COMMISSION

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January 31, 1996

Ms. Karen Klitzman
Vice President, Research
New York Mercantile Exchange
Four World Trade Center
New York, NY 10048

Re: Applications for Designation as a
Contract Market in California
Oregon Border Electricity Futures
and Option Contracts.

Dear Ms Klitzman:

By submissions dated August 9, 1995 and October 23, 1996, the New York Mercantile Exchange ("NYMEX") applied, pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation § 33.5, 17 C.F.R. § 33.5, for designation as a contract market in California Oregon Border electricity futures contracts and options on California Oregon Border Electricity futures contracts, respectively. Supplemental submissions were submitted through December 21, 1995.

The Commission has reviewed the materials submitted by the NYMEX and on January 31, 1996, designated the NYMEX as a contract market in California Oregon Border electricity futures contracts and options on that futures contract pursuant to Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7.

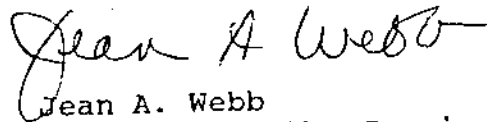
Concurrent with designation, the Commission also approved, pursuant to Section 5a(a)(12) of the Act (7 U.S.C. § 7a(12)), proposed amendments to rules 9.26, 9.27 and 9.34, proposed new futures contract rules 400.00 through 400.22, and proposed new option contract rules 380.01 through 380.07.

The Commission notes that the Exchange has proposed Alternative Delivery Procedure (ADP) rules under which buyers and sellers matched for delivery may mutually agree to settle their respective delivery obligations under terms different than those specified in the futures contract. The Commission advises the NYMEX that it should monitor the ADP process.

The Commission also notes that the quality specifications for deliverable electricity are set by an independent third party -- the Western Systems Coordinating Council (WSCC). In this

connection, the Commission believes that routine changes in quality standards promulgated by WSCC do not need to be submitted to the Commission for prior approval pursuant to the usual procedures under Section 5a(a)(12) of the Act and Commission Rule 1.41(b). Rather, Commission Rule 1.41(m) provides for expedited treatment of changes in grades or standards for futures contracts where such grade or standard is established by an independent third party for purposes other than solely for use in connection with futures or option contracts. Thus, future changes in WSCC's specifications for electricity may be submitted for Commission review under Commission Rule 1.41(m).

Sincerely,

A handwritten signature in cursive script that reads "Jean A. Webb". The signature is written in dark ink and is positioned above the printed name and title.

Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application)
of the New York Mercantile Exchange)
for Designation as a Contract Market)
in California Oregon Border Electricity)
Futures)

ORDER OF DESIGNATION

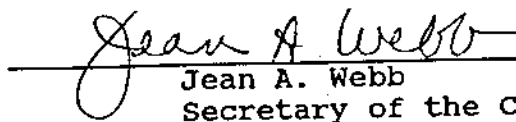
The New York Mercantile Exchange (NYMEX) having submitted, pursuant to Section 6 of the Commodity Exchange Act (Act), 7 U.S.C. § 8, an application for designation as a contract market in California Oregon Border Electricity futures and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the NYMEX has demonstrated compliance with the requirements of Section 5 of the Act, 7 U.S.C. § 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Section 5 of the Act, 7 U.S.C. § 7, that the application of the NYMEX for designation as a contract market in California Oregon Border Electricity futures is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act applicable to the NYMEX as a contract market under the Act.

Issued in Washington, D.C., this 31st day of January 1996.

By the Commission


Jean A. Webb
Secretary of the Commission

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application)
of the New York Mercantile Exchange)
for Designation as a Contract)
Market in the California Oregon Border)
Electricity Futures Option Contract.)

ORDER OF DESIGNATION

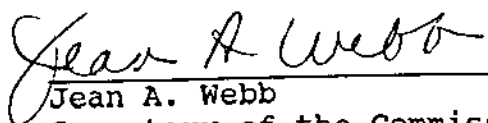
The New York Mercantile Exchange (NYMEX) having submitted, pursuant to Sections 4c and 6 of the Commodity Exchange Act (Act), 7 U.S.C. §§ 6c and 8, and Commission Regulation 33.5, 17 C.F.R. §33.5, an application for designation as a contract market in options on the California Oregon Border Electricity futures contract and the Commodity Futures Trading Commission having reviewed the application and the complete record in this matter, and for the reasons set forth in the memorandum submitted to the Commission by its staff recommending designation of this contract market, the Commission finds that for purposes of this application the NYMEX has demonstrated compliance with the requirements of Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, and the regulations thereunder. Therefore,

IT IS HEREBY ORDERED, under Sections 4c and 5 of the Act, 7 U.S.C. §§ 6c and 7, that the application of the NYMEX for designation as a contract market in options on the California Oregon Border Electricity futures contract is granted, and

IT IS FURTHER ORDERED that this grant of designation shall be subject to compliance with all sections of the Act applicable to the NYMEX as a contract market under the Act.

Issued in Washington, D.C., this 31st day of January 1996.

By the Commission



Jean A. Webb
Secretary of the Commission



U.S. COMMODITY FUTURES TRADING COMMISSION

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DIVISION OF
ECONOMIC ANALYSIS

January 24, 1996

MEMORANDUM

TO: The Commission
FROM: The Division of Economic Analysis
SUBJECT: Application of the New York Mercantile Exchange for Designation as a Contract Market in California Oregon Border Electricity Futures and Option Contracts.

RECOMMENDATION: That the Commission designate the New York Mercantile Exchange as a contract market in California Oregon Border electricity futures and option contracts, and that the Commission approve proposed amendments to rules 9.26, 9.27, and 9.34 proposed new futures contract rules 400.01 through 400.22, and proposed new option contract rules 380.01 through 380.07.

CONCURRING: The Division of Trading and Markets
The Office of the General Counsel

STAFF CONTACTS: Richard Shilts and Joseph Storer

I. INTRODUCTION

In correspondence dated August 9, 1995, the New York Mercantile Exchange (NYMEX or Exchange) applied to the Commission for designation as a contract market in California Oregon Border (COB) futures contracts. In correspondence dated October 23, 1995, the NYMEX applied for designation as a contract market in options on the COB electricity futures contracts. Additional information and amendments to the proposed and existing rules were submitted in correspondence dated through December 21,

1995.^{1/} The rules for the subject proposed contracts are included as Attachments A-1 and A-2.^{2/} Notice of availability of the rules for the proposed futures contract, with a request for public comment, was published in the Federal Register on August 31, 1995 (60 Fed. Reg. 45402). Notice of the proposed rules for the proposed futures option contract was published in the Federal Register on November 6, 1995 (60 Fed. Reg. 56053). Five comment letters were received, representing three utilities, one industry group (Edison Electric Institute) and one Federal Agency (the Federal Energy Regulatory Commission). All but one of the commenters supported the proposed COB electricity futures contract.^{3/} The Federal Agency commented on certain legal

^{1/} The NYMEX, in separate correspondence, applied for designation in electricity futures and options contracts specifying delivery at the Palo Verde switchyard near Phoenix, Arizona. The Division's analysis of those proposed contracts is contained in a separate memorandum to the Commission dated January 17, 1996. In addition to the analysis of the Palo Verde delivery contract, the January 17 memorandum also contains an analysis of the electricity cash market.

^{2/} A list of appendices is included as Attachment B. These appendices are not attached but are available to the Commission upon request. The Division also has separate background materials which are not included as part of this document but are available to the Commission upon request. In addition, proposed orders of designation are included as Attachments C and D, respectively, and a proposed approval letter to the Exchange is included as Attachment E.

^{3/} A joint comment letter submitted by the Salt River Project (SRP), the operator of the Palo Verde switchyard, the NYMEX's delivery point on the Palo Verde electricity futures contract, and Arizona Power and Light Company, a control area operator adjacent to the SRP, raised certain issues regarding access to transmission and scheduling at
(continued...)

aspects of futures contracts as related to the Federal Power Act. Those issues are discussed below.

II. SUMMARY OF FUTURES CONTRACT TERMS

The proposed contract provides for the delivery of 736 megawatt hours (MWh's)^{4/} of firm, alternating current (AC) electric energy, delivered during peak hours at a rate of two megawatts during all hours of the applicable delivery period. At current electricity prices, a 736-megawatt-hours contract size would represent about \$10,000.^{5/}

The quality specification for deliverable electricity shall be three phase current alternating at a nominal frequency of 60 hertz in conformance with the specifications of the Western Systems Coordinating Council, a voluntary organization of electric utilities and Federal power marketing agencies set up to ensure the reliability of the interconnected electricity network in the Western part of the U.S. and Canada.

Futures delivery must represent firm electric energy. Firm energy, in contrast to interruptible power which can be halted,

^{3/} (...continued)
the proposed COB delivery point. Those issues were addressed by the NYMEX in a submission dated December 21, 1995.

^{4/} A megawatt-hour is the standard industry measure of electric energy transferred. One megawatt equals one million watts of electric power. One megawatt hour represents the transfer of electric power at a constant rate of one million watts for a one-hour period.

^{5/} Electricity prices at the COB delivery point have ranged from \$8 from \$16 per MWh in recent months.

means electric energy that a utility or other producer will make continuously available and will deliver on demand to the buyer, such that interruption of service is allowed only due to uncontrollable forces, emergencies, or for repair and maintenance of generation and transmission facilities.

Futures prices shall be quoted in dollars and cents per MWh, with a minimum price fluctuation of \$0.01 per MWh (\$7.36 per contract). The maximum daily price limit will be \$3.00 per MWh (\$2,208 per contract). The proposed rules provide for expansion of the daily price limit to \$6.00 per MWh after a limit move. These daily price limits shall not apply to the two contract months nearest to maturity. The Exchange also has proposed a \$7.50 per MWh special price fluctuation limit, which shall apply to the two nearby contract months, along with provisions for trading halts when this special price limit is hit.

The pricing basis and primary delivery point will be the California Oregon Border interconnection (or intertie) for the three high voltage, alternating current (AC) electricity transmission lines that link the Pacific Gas and Electric (PG&E) control area covering northern California with the Bonneville Power Authority (BPA) control area covering Oregon, Washington and Idaho. ^{6/} The interties for these three lines, located in

^{6/} The three delivery transmission lines consist of two 500 KV lines owned by investor-owned utilities and a new 500 KV line owned by municipal utilities. These three lines are part of the Pacific Northwest/Pacific Southwest Intertie. A fourth line, a 3,100 MW direct current (DC) line also is part of this intertie, but it is not a delivery line. Total deliverable (continued...)

Oregon just north of the California border, are treated as a single interconnection for electricity transfers and trades at COB.

The COB intertie is operated jointly by PG&E and BPA, which together control the flow of electricity between their respective control areas through this intertie. In the electricity transmission industry, a control area refers to an electric system within a defined geographic region, for which a designated "control area operator" is responsible for supplying power to customers within the control area, by directly controlling power generation, monitoring transmission lines and maintaining interchange schedules with the surrounding areas on a minute-to-minute, 24-hour-per-day basis.

The Exchange proposes to list delivery months in every calendar month. The last day of trading shall be the third business day prior to the first day of the delivery month. Delivery shall be subject to the scheduling practices of PG&E and BPA. Delivery generally shall take place no earlier than the first business day of the delivery month and must be completed no later than the last calendar day of such month. The Exchange has specified a schedule of delivery days covering months having between 18 and 23 business days.^{1/} On each delivery day,

^{6/} (...continued)
transfer capacity is 4,800 MW's north to south and 3,675 MW's south to north.

^{2/} While futures delivery generally will take place on business days during the delivery month, NYMEX rules provide for
(continued...)

delivery shall take place generally during "peak hours" over a 16-hour period, beginning at 6:00 a.m. and ending at 10:00 p.m., Pacific time, at the Exchange-specified two-megawatt-per-hour rate of delivery (resulting in the 736 megawatt hour delivery unit). Proof of electricity transmission by PG&E and BPA shall constitute proof of futures delivery and title transfer.

The proposed rules specify that the seller (buyer) is required to make all transmission arrangements to deliver (receive) electric power at COB. However, the rules also provide for a "Special Transmission Service" to cover those instances where a matched buyer and seller both plan to effect delivery in the same control area (either the BPA or the PG&E control area). Under these delivery procedures, delivery would not be at COB; instead, delivery must take place within that control area at a location specified by the buyer which is recognized under a transmission service agreement with either BPA or PG&E, as applicable.^{2/} The seller is required to make all arrangements for delivery of electricity to the buyer's designated location.

^{1/} (...continued)

delivery on Saturdays and, rarely, on Sundays for those months having fewer than 23 business days.

^{2/} Eligible delivery locations under the Special Transmission Service delivery procedures include all south to south and north to north interconnections within PG&E's and BPA's control areas, respectively. Under PG&E's open access tariff (OAT) and the operating policies employed by BPA, the cost for transmission service for south to south and north to north matched deliveries would be no greater than the cost of transmission service for delivery at COB.

The NYMEX rules require both the long and short clearing members to obtain from their customers, at least 10 business days prior to the last day of trading, either signed written transmission service agreements to, or from, COB, as applicable, or verification that appropriate alternative arrangements for transmission to, or from, COB have been made. If such arrangements have not been made, the rules require the clearing member to enter a liquidating order at the market (market order) for that position no later than one hour prior to the close of trading on the last trading day.^{2/}

The NYMEX is proposing an alternative delivery procedure (ADP), which allows the buyer and seller matched for delivery to mutually agree to settle their futures delivery obligations under terms and conditions which differ from those specified in the contract rules. The NYMEX also has proposed rules which govern the exchange of futures for physicals (EFP's), as well as force majeure provisions. These provisions are comparable to those specified in NYMEX's existing energy futures contracts.

The speculative position limits for the proposed contract are 350 contracts net long or net short in the maturing future, 3,500 contracts net long or short in any one month other than the spot month, and 5,000 contracts net long or short in all months

^{2/} For positions established with fewer than 10 business days remaining until the last trading day, clearing members must obtain from their customers, by the close of business on the day the position is established, such documentation of transmission arrangements dated earlier than 10 business days prior to the last trading day.

combined. The maturing future speculative limit goes into effect on the tenth business day prior to the last day of trading of the month which precedes the futures delivery month. Exemptions may be granted for bona fide hedge and certain other positions pursuant to existing Exchange rules. The reporting level will be 25 contracts.

III. SALIENT CHARACTERISTICS OF COB CASH MARKET ^{10/}

As noted, the COB intertie is composed of three high voltage AC transmission lines connecting the BPA and PG&E control areas. Power flows between the two areas are scheduled on a net basis by BPA and PG&E considering all nominations for power transmission received by each control area operator. The owners of the transmission lines', a consortia of California utilities, have rights to transmit power on the lines in an amount equal to their share of the lines transfer capability. Such capacity is committed to the needs of the owner's own system and used for spot market activity in the wholesale bulk power market, or the transmission rights are assigned to third parties for a fee. Access to transmission service is provided on a non-discriminatory basis pursuant to FERC requirements.

The COB intertie has become a major wholesale cash market transaction center for bulk power in the west and Pacific

^{10/} For more information on the electricity cash market, see the Division's January 17, 1996, memorandum to the Commission regarding the NYMEX's proposed Palo Verde electricity contracts.

northwest. In fact, it is the most active market center or trading hub for bulk power in the WSCC. Recently, Power Markets Week, an industry publication, commenced reporting a daily price for transactions at COB.

As previously discussed, the control area operators of the COB intertie are BPA and PG&E. BPA, which is under the Department of Energy, is the third largest public power utility in the U.S. and owns and operates an electric system (the Federal Columbia River Transmission System, the largest single transmission system in the Pacific Northwest) which generates, transmits and distributes electric energy through out the Northwest. Within this system there are over 14,700 miles of transmission lines and 390 substations. On a system-wide basis, the maximum transmission capacity is about 43,000 MW's. BPA does not fall within FERC jurisdiction regarding transmission service procedures and tariffs.

PG&E is an investor owned utility headquartered in San Francisco, California. PG&E owns and operates an extensive transmission and generation system in northern California with thousands of miles of transmission lines serving millions of customers. PG&E is classified as an investor owned utility and falls under the jurisdiction of the FERC and the California Public Utilities Commission.

With respect to transaction volume and trading activity at COB, there are no specific data reported. However, an 18-month study commissioned by the NYMEX of market participation at COB

indicated that the number of participants trading wholesale electricity ranged from 11 to 22. Participants included investor owned utilities, public power companies, municipal power districts, Federal power marketers, and wholesale power marketers/brokers. The study showed that over this 18 month period, a total of 32,534,356 MWh's were delivered at COB. Over 36 percent of the transactions involved on-peak firm energy, the majority of which were spot market transactions. This information was confirmed by Division staff during trade interviews.

Available data indicate there is no capacity constraint at COB, and that, absent transmission line failure, which have been very rare, total transfer capacity has never been reached. There is sufficient redundancy built into the area's power system to mitigate concerns about reliability. Moreover, BPA and PG&E, as control area operators of the COB intertie work closely together to coordinate reliable electricity flows across the intertie.

IV. CONCLUSION AND RECOMMENDATION WITH RESPECT TO FUTURES

The Division of Economic Analysis (Division) has completed its review of the Exchange's proposed COB electricity futures contract for delivery and believes that it meets the requirements of the Commodity Exchange Act (Act), Commission Guideline No. 1, and Commission Regulation 1.61 concerning speculative position limits (see Table 1).

TABLE 1.

NYMEX CALIFORNIA OREGON BORDER ELECTRICITY FUTURES CONTRACT

SUMMARY OF CONTRACT TERMS AND CONDITIONS

<i>Contract Term</i>	<i>Proposed Futures Contract Provision</i>	<i>Comments Regarding Proposed Contract Provision</i>
Commodity Specification	Firm electric energy in the form of three phase current alternating at a frequency of 60 hertz, in conformance with WSCC standards.	Acceptable. Reflects industry standard. (Same specification as natural gas deliverable on the NYMEX contract).
Contract Size	736 megawatt hours delivered at the rate of 2 MWhs per hour during NYMEX-specified peak hours during the delivery month.	Acceptable. Smaller than cash practice, but no impediment to delivery.
Delivery Instrument	Proof of execution of electricity transmission by BPA and/or PG&E, as applicable.	Acceptable. Represents title transfer procedures employed in the cash market.
Delivery Points	The California Oregon Border intertie connecting the BPA and PG&E control area just north of the California border in Oregon if both matched parties are in different control areas, or at a site selected by the buyer if both matched parties are in the same control area.	Acceptable. Potential deliverable supplies include electricity flows from generation plants connected to the COB delivery point.
Delivery Procedures	Pursuant to BPA and/or PG&E and WSCC scheduling practices. Seller (buyer) must make all arrangements to deliver (receive) electricity.	Acceptable. Conforms to standard industry practices at COB.
Contract Months	Monthly expirations with a maximum of 18 consecutive calendar months listed for trading at any given time.	Any months acceptable from an economic standpoint.
Delivery Period	A 23-day period (each business day of the delivery month, plus certain weekend days depending on the number of days in the month).	Acceptable. Consistent with BPA and PG&E scheduling and transmission practices.
Deliverable Supply/Capacity	Electric energy produced at, or flowing through, the COB intertie and electricity available at specific sites in the BPA and PG&E control areas.	Adequate, so that the contract does not appear to be readily susceptible to price manipulation or distortion.
Trading Hours	8:30 a.m. to 2:30 p.m. Eastern time.	Acceptable.
Last Day of Trading	The third business day prior to the first day of the delivery month.	Acceptable. Conforms to nomination deadlines of BPA and PG&E.
Minimum Price Fluctuation	\$0.01 per MWh (\$7.36 per contract).	Acceptable. Conforms to cash market pricing practices.
Daily Price Fluctuation Limit	\$3.00 per MWh, expandable to \$6.00 per MWh.	Acceptable. Not overly restrictive in relation to cash price movements.
Speculative Position Limits	5,000 contracts in any one month, 5,000 contracts in all months combined, and 350 contracts in the spot month. Gross nominal limit of 20,000 contracts.	Acceptable. Consistent with standards under Regulation 1.61.

The proposed futures contract is designed to serve as a hedging and pricing instrument for investor-owned, municipal and Federal electric utilities, marketers, and retail end users which generate, trade or consume electricity in the western U.S., especially the Pacific Northwest and California. Many of these entities are active participants at the COB intertie delivery point. Electricity traded at COB generally comes from surplus power generated by Federal hydroelectric plants in the Pacific Northwest, which flows south into California, Arizona, and New Mexico markets during the summer cooling season and from surplus power generated in California which flows north in the Pacific Northwest during the winter heating season.

The terms and conditions of the proposed contract are generally in conformance with cash market practices. The proposed quality standard for deliverable electricity, as well as the reference to the WSCC applicable standards, reflect industry standards. The proposed contract size, 736 megawatt hours of energy delivered at a two-megawatt-per-hour rate over the delivery month, is significantly smaller than customary cash market transactions. However, this size would not create any impediments to delivery given that PG&E and BPA as well as other utilities have metering equipment and internal accounting procedures to accommodate transactions as small as one megawatt per hour at no additional fee. The proposed rules specify that the seller shall provide the buyer with all appropriate documents to transfer title of product upon receipt of payment.

The last day of futures trading futures will be the third business day prior to the first day of the delivery month. This is appropriate and takes into account pre-scheduling and scheduling that must be done between the parties making and taking delivery and the relevant control area operators that would be involved in the delivery.

As noted above, futures delivery will take place either (a) at the COB intertie if the two parties matched for delivery are in different control areas (one party in PG&E's control area and the other party in BPA's control area), or (b) at the buyer's designated delivery site if both matched parties are in the same (PG&E or BPA) control area (such deliveries shall be made pursuant to the special transmission service provisions). Assuming an equal distribution of traders making delivery between the two control areas, this provision means that, generally, a short trader making delivery will face a 50 percent probability of being required to deliver electricity to COB.

With respect to deliveries at the proposed COB delivery point, the Division notes that the COB intertie is the primary interconnection point for electricity transmissions between California and the Pacific Northwest. It is in close proximity to major electricity generation and consumption areas. Moreover, a significant amount of trading activity, involving numerous utilities and power marketers, specifies transfers of electricity through COB. The three AC transmission lines that make up the COB intertie have, in total, adequate capacity (4,800 MW's north

to south and 3,675 MW's south to north) to accommodate futures deliveries on the proposed contract. In that regard, the aggregate demand for electricity transmission over these lines has never equaled the total available capacity of the lines.

With respect to deliveries under the special transmission provisions (involving matched parties within the same control area), the Division notes that there should be no impediments to delivery under these provisions and that the effect of the provisions is to increase supplies and capacity available for futures delivery. According to BPA and PG&E officials, all possible points of receipt that may be specified by longs accepting futures delivery are interconnected via transmission lines.

Deliverable supplies of electric power should be adequate to support futures trading. Given the number and size of the generation facilities connected to the COB intertie, the amount of power available for futures delivery is very large. In that regard, the COB intertie and other sites within the BPA and PG&E control areas where futures deliveries are to be made are connected to major generation facilities throughout the Pacific Northwest. In addition, electricity generation capability of about 75,000 MW's also are available in the areas around COB, including Idaho, Washington, Nevada and Colorado. The Division estimates that potential supplies would be equivalent to about

6,356 contracts per month.^{11/} However, part of that transmission capacity is committed and is not available for futures deliveries. Industry sources estimate that transmission capacity available for spot market transactions is, at the minimum, 30 per cent of total available transmission capacity. In view of this, the Division estimates deliverable supply to be at least 1,900 contracts per month.

As noted, futures deliveries must be effected through facilities operated by BPA and/or PG&E. The Division believes there should be no impediments to gaining access to the transmission system at prevailing service rates to effect futures delivery at COB or under the special transmission service provision of the contract. In that regard, access to transmission would be provided consistent with FERC's open access provisions set forth in its proposed rulemaking, and the rates charged for transmission would be assessed in a non-discriminatory manner to all affected parties.

With respect to BPA, although not a utility under FERC jurisdiction, BPA has stated publicly in FERC filings and in interviews with Division staff and in a letter dated December 12,

^{11/} Estimates of deliverable supply are based on the capacities of the three existing AC transmission lines through COB (both north to south and south to north), since available capacity consists not only of transmission capacity through COB but also transmission capacity of AC lines within the BPA and PG&E control areas. Given the magnitude of generation capacity connected to the COB intertie, transmission availability provides the most significant constraint on deliverable supplies of electricity.

1995 to the Exchange, that it plans to conduct its wholesale transmission service transactions consistent with FERC's open access requirements, including developing and publishing service rate schedules for transmission and ancillary services.

According to BPA officials, they currently are finalizing their open access tariff which conforms to FERC's proposed rulemaking. With respect to PG&E, it has already filed its OAT with the FERC and is currently operating under the terms and conditions of that OAT filing. In view of BPA's stated intentions and current operating policy as well as the PG&E OAT and its current operating practices, there should be no impediments to making or taking delivery on the futures contract nor should there be any problem with access to transmission services to, through and out of COB, or within BPA's or PG&E's control area.

Regarding deliveries within a single control area pursuant to the special transmission service provision, the Division notes that, in general, the cash market value of electricity at eligible points within the control areas is at par with prices at COB. Further, based on BPA and PG&E current operating practices, FERC provisions and statements by these utilities, the cost of transmission for such deliveries would be equal to or less than that associated with deliveries to COB.

In view of the amount of available generation and transmission capacity at COB, the open access provisions adopted by BPA and PG&E, the proposed spot month speculative limit of 350 contracts (equivalent in total to about 10,700 MWh's of

electricity), and the Exchange's product placement provisions, the Division believes that the proposed terms and conditions are appropriate to minimize the possibility of price manipulation or distortion.

Considering the general conformity of the contract's terms with cash market practices and the proposed speculative position limit provisions, the Division believes that the proposed terms will provide for orderly trading in the contract. Moreover, the Division believes that the proposed individual month and all months combined speculative limit levels, in conjunction with the exemption provisions and the large-trader reporting level, should enable the Exchange to comply with the requirements of Commission Regulation 1.61 regarding speculative position limits.

Information supplied by the Exchange and obtained by the Division from other sources indicates that it is reasonable to expect that the proposed futures contract will be used for hedging or price basing on more than an occasional basis. In this regard, the Division believes that the proposed contract could be used by firms in the electricity industry to hedge price risks associated with spot and forward market transactions in the growing bulk wholesale electricity cash market. As previously noted, there is considerable spot market trading and firms may be long or short electricity as a result of trading imbalances in their accounts. Proposed FERC rulemaking designed to encourage competition should promote further growth in this market. Moreover, the Division is of the opinion that the contract does

not appear to be readily susceptible to price manipulation or other distortion and is otherwise consistent with Section 5(7) of the Act, which requires that designation of a contract market not be contrary to the public interest.^{12/}

The Division notes that questions have been raised as to whether NYMEX electricity futures contracts may be classified as securities pursuant to provisions of the Federal Power Act (FPA). In that regard, section 203 of the FPA provides that without the prior approval of FERC "[n]o public utility shall . . . purchase, acquire, or take any security of any other public utility," while section 204 provides that without FERC approval [n]o public utility shall issue any security, or assume any obligation or liability as guarantor, indorser, surety, or otherwise in respect of any security of another."

To clarify this issue, on September 28, 1995, the NYMEX filed with the FERC a petition for a declaratory order to the effect that the NYMEX's electricity futures contracts do not constitute securities within the meaning of the FPA. The FERC is reviewing this petition, but does not expect to issue a ruling

^{12/} As noted, quality specifications for deliverable electricity are to be set by reference to WSCC standards, an independent third party. The Division believes that routine changes in quality standards promulgated by WSCC need not be submitted to the Commission for approval pursuant to the usual procedures under Commission Rule 1.41(b). Commission Rule 1.41(m) provides for expedited treatment of changes in grades or standards that are established by an independent third party for purposes other than solely for use in connection with futures or option contracts. Thus, future changes in WSCC specifications for electricity may be submitted for Commission review under Commission Rule 1.41(m).

until the second quarter of 1996. Based on the breadth and depth of the cash market in electricity at COB, the proposed contract's terms and conditions, and considering the uncertainty about the outcome and implications of any FERC action, as noted above, the Division is of the opinion that the designation requirements set forth in the Commission's Guideline No. 1 are satisfied irrespective of any FERC decision in this regard. While a FERC ruling in regard to this issue may have some impact on the ability of FERC-regulated utilities to participate in the proposed futures contract, there are a significant number of nonjurisdictional entities that could participate in the contract and could benefit from the risk management potential that an electricity futures contract offers.

Finally, the Division notes that FERC-regulated utilities that have not received approval to conduct wholesale transactions at market-based prices could, under certain circumstances, be precluded from futures market participation. This could happen if cash (or futures) prices exceeded the FERC-approved maximum allowable price (as determined by cost-of-service based formulae) set forth in their tariff or pursuant to the WSCC agreement. The Division understands, however, that while theoretically possible, this is unlikely to occur since the currently specified maximums are quite high relative to historic and present cash market prices. This situation is analogous to certain agricultural markets where price support programs administered by the

Department of Agriculture effectively set minimum prices for transactions.

VI. SUMMARY OF OPTION CONTRACT TERMS

One COB electricity option will give the holder the right to buy or sell one COB electricity futures contract at a specified price by a certain expiration date.

Option premiums will be quoted in dollars and cents per MWh. The minimum price fluctuation shall be \$.01 per MWh (\$7.36 per contract). However, a trade may occur at a price of \$.001358 per MWh (\$1.00 per contract) if the trade liquidates positions for both parties to the transaction. There will be no maximum daily premium fluctuation limit for COB electricity options.

Initially, the Exchange will list, at intervals of \$1.00 per MWh, the strike price closest to the previous day's underlying future's settlement price plus five strike prices above and below this strike price. Proposed rules provide for maintenance of at least five strike prices above and below the strike price closest to the previous day's underlying future's settlement price. No new strike prices will be listed on the last day of trading.

The Exchange will list monthly option contracts with a maximum of twelve consecutive calendar months listed for trading at any given time. The last day of trading in an expiring option will be the business day prior to the last trading day for the underlying contract month.

The proposed option is an American-style option; that is, it may be exercised on any business day prior to expiration. COB electricity options will expire at 4:00 p.m. (New York time) on the last trading day of the option.

The option contract will be subject to joint futures/option speculative position limits of 350 futures-equivalent contracts net on the same side of the market in the spot month, 3,500 futures-equivalent contracts in any one month (other than the spot month), and 5,000 futures-equivalent contracts in all months combined.^{13/} The spot month limit becomes effective at the opening of trading on the third business day (inclusive of the last trading day) prior to the termination of trading of the futures contract month. Exemptions from these limits for bona-fide hedging will be available on a case-by-case basis pursuant to proposed rules. The reporting level will be 25 contracts for positions held in any month.

VII. CONCLUSION AND RECOMMENDATION WITH RESPECT TO OPTION

The Division is of the opinion that the proposed option contract satisfies all of the applicable requirements for designation found in the Act and the regulations thereunder, including Part 33. In particular, as indicated in Table 2, the

^{13/} In addition, the Exchange has proposed nominal limits, applicable to a trader's gross position on one side of the market, of 20,000 contracts for the subject futures and option contracts.

TABLE 2
NYMEX CALIFORNIA OREGON BORDER ELECTRICITY OPTION CONTRACT

OPTION DESIGNATION CHECKLIST
AND SUMMARY OF CONTRACT TERMS AND CONDITIONS

Contract Term [Applicable CFTC Regulation]	Standard From Checklist in Guideline No. 1	Description of Term or Condition Meeting Standard [Applicable Exchange Rule(s)]
1. Speculative limits [Reg. 1.61]	Combined net position in futures and options on a futures-equivalent basis at the futures position levels, with inter-month spread exemptions that are consistent with those of the futures contracts.	Combined with futures on a net futures equivalent basis: 5,000 contracts in any one month, 5,000 contracts in all months combined; 350 contracts in the spot month. plus 20,000 contract nominal limit. [Rules 9.26-9.27]
2. Aggregation rule [Reg. 1.61(g)]	Same as Regulation 1.61(g) or previously approved language.	Same as Reg. 1.61(g). [Rule 9.34]
3. Reporting level [Reg. 15.00(b)(2)]	50 contracts or fewer.	25 contracts in any month. [Rule 9.34]
4. Strike prices [Reg. 33.4(b)(1)]	Procedures for listing strikes are specified and automatic.	Initially, 11 strikes at interval of \$1.00 per MWh; maintain minimum of 11 strikes at same interval; delivery months same as futures. [Rules 380.05]
5. Option expiration [Reg. 33.4(d)(1)]	Options, except for options on cash-settled futures contracts, expire not less than one business day before the earlier of the last trading day or the first notice day of the underlying futures contract.	Last trading day is the business day prior to the last trading day in the expiring future. Options expire at the close on the last trading day. [Rule 380.01]
6. Minimum tick [Reg. 33.4(d)]	Tick is equal to, or less than, the underlying futures tick.	\$.01 per MWh (\$7.36 per contract); cabinet trades at \$1 per contract. [Rule 380.06]
7. Daily Price limit, if specified [Reg. 33.4(d)]	Price limit, if any, is equal to, or greater than, underlying futures price limit.	None [Rule 380.07]

Option Designation Checklist, the proposed contract meets all of the seven criteria enumerated in Guideline No. 1.

VIII. RULE ENFORCEMENT PROGRAM

The Division of Trading and Markets' (T&M) most recent review of the NYMEX's rule enforcement program was conducted in conjunction with this Division and presented to the Commission in a memorandum dated November 23, 1993. T&M currently is reviewing NYMEX's rule enforcement program. T&M believes that designation of the NYMEX as a contract market in the subject futures and option contracts would not be inconsistent with the Act.

ATTACHMENT A

Proposed Terms and Conditions

- A-1: Futures Contract Rules
- A-2: Option Contract Rules

IV. COB ELECTRICITY FUTURES CONTRACT

400.01 SCOPE

The provisions of these rules shall apply to all firm electric energy bought and sold for future delivery on the Exchange with delivery at the California Oregon Border.

400.02 DEFINITIONS

For the purpose of this Chapter, the terms set forth below shall mean:

- (A) California Oregon Border ("COB"): The point(s) of interconnection at the boundary line between the states of California and Oregon consisting of 500 Kv transmission facilities known as the Pacific Northwest / Pacific Southwest AC Intertie, including the California Oregon Transmission Project.
- (B) Firm electric energy: Shall mean electric energy meeting the specifications of this contract delivered in accordance with the rules of this contract, for which the only cause for non-delivery or non-receipt of such electric energy shall be the circumstances set forth in Rule 400.22.
- (C) For the purposes of rule 400.16, the term "business day" shall mean a Monday through Friday that is not an "off-peak" day as designated by the North American Electric Reliability Council.
- (D) All times referred to in these rules shall be New York time unless otherwise specified.

400.03 ELECTRICITY ADVISORY COMMITTEE

The Board of Directors shall appoint an Electricity Advisory Committee which shall advise the Board with respect to the futures contracts traded under these rules.

400.04 REFERENCE TO SELLER AND BUYER

- (A) Except with respect to Rules 400.15 (D), 400.15 (E), 400.16(D), 400.17, 400.20 and 400.21, the term "Seller" and "Buyer" shall mean the short Clearing Member and the long Clearing Member respectively.

- (B) In Rules 400.15 (D), 400.15 (E), 400.16(D), 400.17, 400.20 and 400.21, the terms "seller" and "buyer" shall mean the seller and buyer of the firm electric energy.

400.05 CONTRACT UNIT

The contract unit shall be 736 Megawatt hours (MWh) of firm electric energy.

400.06 QUALITY SPECIFICATION

Electric energy delivered under this contract shall be in the form of three phase current alternating at a nominal frequency of 60 hertz, and be in conformance with the specifications of the Western Systems Coordinating Council.

400.07 DELIVERY MONTHS

Trading shall be conducted in contracts providing for delivery in such months as shall be determined by the Board of Directors. Trading in a delivery month shall commence on the day fixed by resolution of the Board of Directors.

400.08 PRICES AND FLUCTUATIONS

- (A) Prices shall be quoted in dollars and cents per MWh. The minimum price fluctuation shall be \$.01 per MWh. The maximum permissible price fluctuation in any one day shall be \$3.00 per MWh above or below the preceding day's settlement price (the "basic maximum fluctuation").
- (B) If the settlement price for any month shall move by the basic maximum fluctuation in either direction, the maximum permissible fluctuation in either direction for all months during the next business session shall be 200% of the basic maximum fluctuation.
- (C) An expanded maximum permissible fluctuation of 200% of the basic maximum fluctuation shall remain in effect for all subsequent business sessions until the business session next following two (2) consecutive trading sessions at which the settlement price for no month shall move by the basic maximum fluctuation in either direction. At such next business session the maximum permissible fluctuation in either direction for all months shall be the basic maximum fluctuation.

- (D) Except as provided in Rule 400.09, there shall be no maximum limit on price fluctuation for the first two nearby contracts.

400.09

SPECIAL PRICE FLUCTUATION LIMITS**(A) First Special Price Fluctuation Limit**

(1) The First Special Price Fluctuation Limit of the Electricity Futures contract, applicable only to the two contract months nearest to the delivery month ("Special Limit Month Contract") shall be \$7.50 per MWh above or below the previous day's settlement price. Except as provided in Rule 400.09 (B), (C) and (D), neither of the Special Limit Month contracts may fluctuate in price by more than the First Special Price Fluctuation Limit.

(2) Two minutes after either of the Special Limit Month Contracts trades, or is bid (in the event of upward price moves) or offered (in the event of downward price moves) exclusively at the First Special Price Fluctuation Limit for five minutes ("Triggering Event"), trading in all futures and options contract months shall immediately cease ("Temporary Trading Cessation"); provided, however, that if a Triggering Event occurs during the closing range on any day other than the last day of trading in the contract nearest to the delivery month there shall be no Temporary Trading Cessation.

(3) A Temporary Trading Cessation shall last for one hour. Trading will resume after a Temporary Trading Cessation and continue until the regularly scheduled closing time; provided, however, that if trading resumes less than one-half hour prior to the regularly scheduled closing time, trading hours will be expanded such that there shall be a half-hour of trading after trading is resumed.

(4) If a Temporary Trading Cessation is imposed during the closing range on the last day of trading in the contract month nearest to the delivery month, the closing range for the contract shall include the portions of the closing range prior to the Temporary Trading Cessation and the half hour of trading after trading is resumed.

(B) Second Special Price Fluctuation Limits

When trading is resumed following a Temporary Trading Cessation, Second Special Price Fluctuation Limits will be in effect as follows (notwithstanding the provisions of Rule 400.08):

(1) During the same trading day:

(a) For Special Limit Month Contracts, the Second Special Price Fluctuation Limit shall be \$7.50 per MWh above or below the upper (in the event of upward market moves) or lower (in the event of downward market moves) First Special Price Fluctuation Limit. Except as provided in Rule 400.09 (C) and (D), neither of the Special Limit Months may fluctuate in price more than the Second Special Price Fluctuation Limit.

(b) For all other contract months, the Second Special Price Fluctuation Limits shall be \$7.50 per MWh above or below the upper (in the event of upward price moves) or lower (in the event of downward price moves) price limits that were in place at commencement of trading on that day. No such contract may fluctuate in price more than the Second Special Price Fluctuation Limit.

(2) During following business sessions:

(a) For Special Month Contracts, the First Special Price Fluctuation Limits will apply.

(b) For all other contract months, the Second Special Price Fluctuation Limit of \$7.50 per MWh above or below the previous day's settlement price will apply. This Second Special Price Fluctuation Limit will remain in effect until the day following two consecutive trading sessions in which the settlement price fluctuates by less than the price limits established pursuant to Rule 400.09 (B) at which time the limits established pursuant to that Rule will be in effect.

(C) Third Special Price Fluctuation Limits

If, on the same business day, an opposite price movement from that which caused a Triggering Event results in either Special Limit Month Contract trading, or being bid or offered at the Second Special Price Fluctuation Limit exclusively for five minutes, (i) there will be an additional Temporary Trading Cessation effective two minutes after the five minute period, except that if this limit is reached during the closing range on any day other than the last day of trading in the contract nearest to the delivery month, there shall be no Temporary Trading Cessation; (ii) the provisions of Rule 400.09 (A)(3) and (4) shall apply, and (iii) when trading resumes after this second Temporary Trading Cessation, Third Special Price Fluctuation Limits of \$7.50 per MWh above or below the previous day's settlement price will be in place

for Special Limit Month contracts and the Second Special Price Fluctuation Limits that were in place for all other contract months will remain in place. Except provided in Rule 400.09 (D), neither of the Special Limit Month Contracts may fluctuate in price by more than the Third Special Price Fluctuation Limit.

(D) There will be no Second or Third Special Price Fluctuation Limits in the first nearby futures contract in the last half hour of trading on the last day of trading in that contract.

400.10 TERMINATION OF TRADING

Trading in any delivery month shall cease at the close of business three (3) business days prior to the first calendar day of the delivery month.

400.11 PRODUCT PLACEMENT

(A) At least ten (10) business days prior to the last trading day of the expiring contract, a clearing member shall obtain from each customer holding a short (long) position in the expiring month, a copy of a signed written transmission service agreement to (from) COB, and where such agreement is not for firm transmission for the customer, verification of appropriate alternative arrangements for transmission to (from) COB, such that a delivery under the terms of this Chapter may be made. For any long or short position established fewer than ten business days from the last trading day, a clearing member shall, by the close of business the day after the position is established, but in any event prior to the last trading day, obtain such signed firm transmission service agreement, or appropriate alternative arrangements which must be dated earlier than ten business days prior to the last trading day.

(B) In the event a clearing member fails to obtain copies of the transmission service agreement, or appropriate alternative arrangements as required by this Rule, the clearing member shall, one hour before the time established for the beginning of the closing range of the expiring contract, insure that a liquidating order is entered on the Exchange floor. Such liquidating order shall be a market order to be executed prior to the expiration of trading.

(C) In addition, a clearing member shall fulfill its obligation under Rule 9.19 on a maturing contract only if, prior to one hour before the time established for beginning of the closing range of the applicable delivery month, the clearing member has received a certification from its customer that (1) if a seller, the

customer has generation capacity or a purchase agreement for a quantity and quality of electric energy sufficient to meet such customer's obligations to make delivery when and as prescribed in these Rules; and (2) if a buyer, the customer has load or a resale commitment sufficient to meet such customer's obligations to take delivery when and as prescribed in these Rules; and (3) whether a seller or buyer, such customer has a reasonable basis to believe that transmission service will be available to satisfy the needs of the customer.

400.12 DELIVERY

- (A) Except as provided in Rule 400.15(E) delivery shall be made at COB. Delivery shall be made in accordance with all applicable Federal, State and Local laws and regulations. The seller shall provide firm electric energy which is free from all liens, encumbrances, unpaid taxes, fees and other charges.
- (B) Proof of execution of the schedule by the relevant control area operators shall constitute proof of delivery and title transfer.
- (C) All deliveries made in accordance with these rules shall be final and there shall be no appeal.

400.13 DELIVERY RATE

The delivery rate shall be 2 megawatts (MW) during all hours of the delivery period.

400.14 SCHEDULING

The parties to this contract shall adhere to the applicable scheduling practices of the control area operators at COB.

400.15 DELIVERY PROCEDURES

- (A) Notice of Intention to Deliver and Notice of Intention to Accept

By 3:00 p.m. on the first business day after the final day of trading:

- (1) Each Clearing Member holding an open short position shall file with the Exchange a properly completed and signed Notice of Intention to Deliver. The Notice of Intention to Deliver shall be in the form prescribed by the Exchange and shall include:

- (a) Name of Seller's customer;
- (b) Number of contracts to be delivered;
- (c) Any additional information as may be required by the Exchange.

(2) Each Clearing Member holding an open long position shall file with the Exchange a properly completed and signed Notice of Intention to Accept. The Notice of Intention to Accept shall be in the form prescribed by the Exchange and shall include:

- (a) Name of Buyer's customer;
- (b) Number of contracts to be accepted; and
- (c) Any additional information as may be required by the Exchange.

(B) NOTICE DAY

(1) The Clearing House shall allocate Notices of Intention to Deliver and Notices of Intention to Accept by matching size of positions, to the extent possible.

(2) The Clearing House shall provide Tender Allocation Notices to the respective Clearing Members on the morning of the second business day after the final day of trading.

(3) The day the Tender Allocations Notices are provided to the Clearing Members shall be referred to as "Notice Day." Tender Allocations are not transferrable.

(C) SETTLEMENT PRICE

The settlement price on the final day of trading shall be the basis for delivery.

(D) TRANSMISSION

Except as set forth in Section (E) below, seller shall be required to make all transmission arrangements to deliver electric energy to COB and buyer shall be required to make all transmission arrangements to receive electric energy at COB.

(E) SPECIAL TRANSMISSION SERVICE

(1) For deliveries in which a seller making delivery from PG&E's control area is matched with a buyer receiving delivery in PG&E's control area, delivery shall be performed as follows:

- (a) Delivery shall take place in PG&E's control area at a location identified by the buyer, which is recognized under a transmission service agreement with PG&E; and
- (b) Seller shall be responsible for delivering firm electric energy to buyer's designated location.

Notwithstanding the foregoing, buyers and sellers matched as described in this subsection may substitute another valid transmission service applicable in the control area operated by PG&E as they may mutually agree.

(2) For deliveries in which a seller making delivery from BPA's control area is matched with a buyer receiving delivery in BPA's control area, delivery shall be performed as follows:

- (a) Delivery shall take place in BPA's control area at a location identified by the buyer, which is recognized under a transmission service agreement with BPA; and
- (b) Seller shall be responsible for delivering firm electric energy to buyer's designated location.

Notwithstanding the foregoing, buyers and sellers matched as described in this subsection may substitute another valid transmission service applicable in the control area operated by BPA as they may mutually agree.

400.16 TIMING OF DELIVERY

- (A) On each delivery day, delivery shall commence with the hour ending 0700 and end with the hour ending 2200 prevailing local time at COB.
- (B) Delivery shall take place no earlier than the first business day of the delivery month except that delivery shall commence with the first Saturday or Sunday of the delivery month, in accordance with Rule 400.16 (C), below. Delivery shall be completed no later than the last calendar day of the delivery month.

- (C) The following schedule shall be used to determine the days for delivery in months having business days as set forth below:

23 business days:	each business day of the month
22 business days:	each business day of the month plus the first Saturday in the delivery month.
21 business days:	each business day of the month plus the first and second Saturday in the delivery month
20 business days:	each business day of the month plus the first, second, and third Saturdays in the delivery month.
19 business days:	each business day of the month plus the first, second, third and fourth Saturdays in the delivery month.
18 business days:	each business day of the month plus the first, second, third, fourth and fifth Saturdays in the delivery month; or, in the event that there are only four Saturdays then the first Sunday of the delivery month.

- (D) The seller shall give the buyer all appropriate documents to transfer title to the firm electric energy upon receipt of payment.

400.17 AMENDMENTS TO DELIVERY

Upon mutual agreement, in writing, buyer and seller may amend provisions of this contract related to:

- (A) Delivery Rate; and
- (B) Timing of Delivery, except that no amendment shall be permitted that would allow the delivery to take place outside the delivery month.

400.18 DELIVERY MARGINS AND PAYMENT

- (A) For the purposes of this Rule 400.18,
 - (1) "Payment Date" shall mean the twenty-fifth calendar day of the month following the delivery month or if such date is a Saturday or

an Exchange or New York bank holiday other than Monday, payment shall be made on the preceding day which is not an Exchange or New York bank holiday. If such day is a Sunday or an Exchange or New York bank holiday which occurs on a Monday, payment shall be made on the next day which is not an Exchange or New York bank holiday;

- (2) "Long" shall mean the customer of a long clearing member or the long clearing member if such clearing member is acting for its own account;
 - (3) "Short" shall mean the customer of a short clearing member or the short clearing member if such clearing member is acting for its own account.
- (B) On the second business day following the last day of trading, the long clearing member shall obtain from the Long margin equal to the full value of the electric energy to be delivered. Such margin shall consist of cash, United States Treasury Bills or a letter of credit. Any U.S. Government obligation so deposited shall be valued at ninety five percent (95%) of the par value of such instruments. Any letter of credit so deposited shall be in a form approved by the Exchange, shall be issued or confirmed by an Exchange approved original margin depository, and shall be drawn in favor of the Exchange.
- (C) The short clearing member shall obtain from the Short margin in the amount fixed, from time to time, by the Board.
- (D) The long clearing member and the short clearing member shall deposit with the Clearing House margins in such amounts and in such form as required by the Exchange. Such margins, which shall not be greater than the margins charged to the Longs and the Shorts respectively, shall be returned on the business day following notification to the Exchange that delivery and payment have been completed.
- (E) Not later than 12:00 o'clock noon on the third business day prior to the payment date, the Short shall advise, by telex, the short clearing member of the name and address of the bank, and the name of the account to which payment shall be made. The short clearing member shall advise the long clearing member who shall advise the Long. On the payment date, the Long shall pay the Short by federal funds wire transfer to the account of the short

at the bank nominated by the Short. Not later than 12:00 noon the Long shall advise, by telex, the long clearing member of the federal funds wire transfer number and the name of the sending bank. The long clearing member shall advise, by telex, the short clearing member who shall similarly advise the Short.

- (F) Not later than the business day following the payment date, the Short if any, shall advise the short clearing member of receipt of payment. The short clearing member shall deliver a notice of payment to the long clearing member with a copy to the Clearing House not later than the business day following the payment date. Upon receipt of such notice by the long clearing member, the delivery shall be complete.
- (G) Any payment made on payment date shall be based on electric energy actually delivered. If a determination of MWh actually delivered is unavailable prior to the time established in the rules for payment, a pro-forma payment based on 736 MWh per contract shall be made. Payment adjustments based on the amount of electric energy actually delivered shall be completed by 12:00 noon on the tenth business day after initial payment.
- (H) In the event that the short clearing member receives notification that payment has not been received, it shall advise the Exchange and the long clearing member in writing. On the following business day, unless the Long or long clearing member has advised the Exchange in writing that the Short failed to deliver, the Exchange shall liquidate the margins held and, when the liquidation is complete, shall pay the short clearing member which shall pay the Short. If the Long or the long clearing member has advised the Exchange in writing that the Short failed to deliver, the matter shall be referred to the Delivery Committee for resolution.

400.19

VALIDITY OF DOCUMENTS

The Exchange makes no representation respecting the authenticity, validity, or accuracy of any Delivery Notice, Notice of Intention to Accept or any document or instrument delivered pursuant to these rules.

400.20

EXCHANGE OF FUTURES FOR OR IN CONNECTION WITH PRODUCT

- (A) An exchange of futures for or in connection with the product (EFP) consists of two discrete, but related, transactions; a cash transaction and a futures transaction. At the time such transaction is effected, the buyer and seller of

the futures must be the seller and buyer of the quantity of the physical product covered by this Section (or any derivative, by-product or related product). The quantity of physical product must be approximately equivalent to the quantity covered by the futures contracts.

- (B) Except as provided below, an EFP must take place during the hours of futures trading for the electricity futures contract. An EFP is permitted in the expiring futures contract at any time before 2:00 p.m. on the first business day following termination of trading in a futures contract, provided, however, that an EFP which establishes a futures position for both the buyer and the seller shall not be permitted during the first business day following termination of trading in a futures contract.
- (C) A report of such EFP transaction shall be submitted to the Exchange by each Clearing Member representing the buyer and seller. Such report shall identify the EFP as made under this Rule and shall contain the following information: a statement that the EFP has resulted or will result in a change of ownership, the kind and quantity of the futures, the price at which the futures transaction is to be cleared, the names of the Clearing Members and customers and such other information as the Exchange may require. Such report (form) shall be submitted to the Compliance Department by 12:00 noon, no later than two (2) Exchange business days after the day of posting the EFP on the Floor of the Exchange.
- (D) Each buyer and seller must satisfy the Exchange, at its request, that the transaction is a legitimate EFP transaction. All documentary evidence relating to the exchange, including, without limitation, evidence as to change of ownership of the cash commodity or a commitment therefore shall be obtained by the Clearing Members from the buyer or seller and made available by the Clearing Members for examination by the Exchange upon request.
- (E) A report of such EFP transaction shall be given, and notice thereof shall be posted on the floor of the Exchange, on the day that the transaction thereto was made or if such agreement was made after the close of trading, then on the next business day. EFP transactions shall be cleared through the exchange in accordance with normal procedures, shall be clearly identified as EFP transactions, and shall be recorded as such by the Exchange and by the Clearing Members involved.

400.21 ALTERNATIVE DELIVERY PROCEDURE

A seller or buyer may agree with the buyer or seller with which it has been matched by the Exchange under Rule 400.15(B)(1) to make and take delivery under terms or conditions which differ from the terms and conditions prescribed by this Chapter. In such a case, Clearing Members shall execute an Alternative Delivery Notice on the form prescribed by the Exchange and shall deliver a completed executed copy of such Notice to the Exchange. The delivery of an executed Alternative Delivery Notice to the Exchange shall release the Clearing Members and the Exchange from their respective obligations under the Exchange contracts.

In executing such Notice, Clearing Members shall indemnify the Exchange against any liability, cost or expense it may incur for any reason as a result of the execution, delivery or performance of such contracts or such agreement, or any breach thereof or default thereunder. Upon receipt of an executed Alternative Delivery Notice, the Exchange will return to the Clearing Members all margin monies held for the account of each with respect to the contracts involved.

400.22 FORCE MAJEURE, LATE PERFORMANCE AND FAILURE TO PERFORM

(A) DEFINITIONS. As used in this Rule 400.22 the following terms, as well as variations thereof, shall have the meanings described below.

(1) "Force Majeure" shall mean any circumstance (including but not limited to a strike, lockout, national emergency, governmental action, or act of God) which is beyond the control of the buyer or seller, and which prevents the buyer or seller from making or taking delivery of electric energy or effecting payment when and as provided for in this Chapter and which by exercise of due diligence the affected Party could not have been reasonably expected to avoid and which by exercise of due diligence said Party is unable to overcome.

(2) "Late Performance" shall mean the failure of a long, as defined in Rule 400.18(A)(2), to make payment on the payment date as defined in Rule 400.18(A)(1).

(3) "Failure to Perform" shall mean the failure of the seller to make or the buyer to receive delivery of firm electric energy in accordance with the requirements set forth in these Rules.

(4) "Contract Value" means the amount equal to the settlement price on the last day of trading in a futures contract times seven hundred and thirty six (736) times the number of contracts to be delivered.

(5) "Party" means a buyer or seller.

(6) "Other party" means the corresponding buyer when a seller has failed to perform and the corresponding seller when a buyer has failed to perform.

(B) Responsibilities of Parties to the Delivery

(1) The parties to a delivery shall make commercially reasonable efforts to perform their respective delivery obligations at all times until a party has failed to perform.

(2) A party which has failed to perform its obligations may no longer perform such obligations;

(3) When a long, as defined in Rule 400.18(A)(2) is late in performance, the buyer shall be liable to the seller for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(4) When a buyer or a seller has failed to perform, the buyer or the seller, respectively, through which the delivery is effected shall be liable to the other party for any damages awarded pursuant to Section (E) of this Rule and to the Exchange for any assessments made pursuant to Section (D) of this Rule.

(C) Delivery Committee

(1) Force Majeure and Failure to Perform shall be determined by a Panel of the Delivery Committee as set forth below.

(2) The Chairman of the Delivery Committee shall appoint a panel, which shall consist of three (3) members of the Committee, to review a delivery:

- (a) when the Chairman is advised by the President or any person designated by the President that it appears that a party to the delivery has failed or may fail to perform;
 - (b) upon the written request of both the buyer and seller;
 - (c) when the President or any person designated by the President requests such appointment; or
 - (d) if either party to the delivery notifies the Exchange that circumstances constituting force majeure prevent the performance of delivery obligations at the time and site designated by the parties.
- (3) The Chairman shall not appoint to any Panel any person who has a direct or indirect interest in the delivery in question. Each Panel Member shall disclose to the Chairman any such interest which might preclude such Panel Member from rendering a fair and impartial determination. Any Panel so appointed shall retain jurisdiction over the delivery in question until the delivery has been completed or a party has been found to have failed to perform such delivery. Exchange Counsel shall serve as Advisor to the Panel.
- (4) The Panel shall meet within one business day of its notification of the circumstances set forth in Section (2). Unless good cause for delay exists, within one business day the Panel shall determine whether force majeure exists or whether a buyer or a seller has failed to perform its obligations as provided in the Rules, and advise the Compliance Department of such determination and its findings in support thereof immediately. The Panel shall cause its determination to be communicated to the parties to the delivery as expeditiously as possible.

(5) Upon a finding of a failed performance, the Panel shall:

(a) in the case of a failure to perform by a seller: (i) notify the President of its determination, who shall instruct the Exchange's Clearing House to retain all delivery margins deposited by the seller for the delivery until any amounts determined to be due to the Exchange or the buyer pursuant to Sections (D) or (E) of this Rule have been paid; and (ii) apprise the buyer of the remedies provided pursuant to Section (E) of this Rule.

(b) in the case of a failure to perform by a buyer: (i) notify the President of its determination, who shall instruct the Exchange's Clearing House to issue a delivery margin call to the buyer in an amount equal to the original margin then in effect for an Electricity futures contract carried at the Clearing House on the last day of trading in such contract times the number of contracts to be delivered and to retain such delivery margin until any amounts determined to be due to the Exchange or the seller pursuant to Sections (D) and (E) of this Rule have been paid; and (ii) apprise the seller of the remedies provided pursuant to Section (E) of this Rule.

(6) Upon a finding of force majeure, the Panel may take any one or combination of the following actions as it deems suitable:

(a) grant an extension of time for delivery up to two months from the scheduled time;

(b) change the Buyer's or Seller's transmission arrangements, provided that the Buyer and Seller can secure related transmission.

(c) allocate deliveries,

(d) modify the method or timing of payment; or

(e) refer the matter to the Board of Directors for consideration of emergency action pursuant to Article 7.

(D) EXCHANGE ACTION

(1) Whenever a buyer or a seller is found by the Panel to have failed to perform a delivery, the Exchange, represented by the Compliance Department, shall issue a Notice of Assessment specifying the findings of the Panel with respect to the failed delivery and assessing a penalty of twenty percent of the contract value against such party to be paid to the Exchange.

(2) Whenever a long is late in performance, the Compliance Department shall issue a Notice of Assessment assessing a penalty to the buyer of \$1,000.

(3) (a) A party may appeal a Notice of Assessment by filing a Notice of Appeal with the Hearing Registrar of the Exchange and by serving a copy of the same on the Exchange's Compliance Counsel, within two business days of receipt of Notice of Assessment from the Compliance Department. The party filing the appeal ("Appellant") shall file, within twenty (20) days after filing the Notice of Appeal, a Memorandum of Appeal setting forth the factual and legal basis for the appeal. The Memorandum of Appeal must be filed with the Hearing Registrar and a copy of the same served upon the Exchange's Compliance Counsel.

(b) The Compliance Department may file with the Appellant and the Hearing Registrar an Answering Memorandum to the Memorandum of Appeal within ten (10) days of receipt of that memorandum.

(c) Failure by the party to file a Notice of Appeal or a Memorandum of Appeal within the time specified in subsection (D)(3)(a) of this Rule shall constitute a waiver, and the penalties shall be paid within five days to the Exchange. Failure to pay such penalties in accordance with this Rule shall subject the party to the sanctions set forth in By-Law 106. In the event a party fails to appeal, or waives the opportunity to appeal a Notice of Assessment, the Assessment and findings of the Delivery Committee shall constitute a final disciplinary action of the Exchange.

(4) Within ten (10) days after receipt of the Compliance Department's reply, the Appellant shall be entitled to examine all books, documents and other tangible evidence in possession or under the control of the Exchange that are to be relied on by the Compliance Department or are otherwise relevant to the matter.

(5) In the event of an appeal by a party, the Chairman of the Exchange, or his designee, shall appoint a Performance Appeal Panel to hear and decide the appeal. The Panel shall be composed of three members of the Exchange, at least one of whom shall be a member of the Board of Directors. No member of the Panel may have a direct or indirect interest in the matter under the appeal. Each Panel Member shall disclose to the Chairman any such interest which might preclude such Panel Member from rendering a fair and impartial determination. The formal Rules of Evidence shall not apply to such appeal, and the Panel shall be the sole Judge with respect to the evidence presented to it. Exchange outside counsel shall advise the Panel.

(6) The procedures for the hearing of the appeal before the Assessment Appeal Panel shall be as follows:

(a) At a date to be set by order of the Panel, and prior to such hearing, the Appellant and the Compliance Department shall furnish each other with a list of witnesses expected to be called at the hearing, and a list of documents and copies thereof expected to be introduced at the hearing.

(b) At such hearing the Appellant may appear personally and may be represented by counsel or other representative of his choice at the appeal.

(c) The Compliance Department shall be entitled to offer evidence relating to the delivery and shall be entitled to call witnesses and introduce documents in support thereof. It shall be the burden of the Compliance Department to demonstrate, by the weight of the evidence, the appropriateness of the sanction set forth in the Notice of Assessment.

- (d) The Appellant shall be entitled to rebut the Compliance Department's evidence and shall be entitled to call witnesses and introduce documents in support thereof.
 - (e) The Compliance Department and the Appellant shall be entitled to cross-examine any witness called by the opposing party at the hearing.
 - (f) The Notice of Assessment, the Notice of Appeal, the Memorandum of Appeal, any Answering Memorandum, the stenographic transcript of the appeal, any documentary evidence or other material presented to and accepted by the Panel shall constitute the record of the hearing. The decision of the panel shall be based upon the record of hearing.
 - (g) The Panel shall have the power to impose a penalty against any person who is within the jurisdiction of the Exchange and whose actions impede the progress of a hearing.
 - (h) The Assessment Appeal Panel shall issue a written decision in which it may affirm, reduce or waive the charges assessed against the Appellant and shall state the reasons therefor.
 - (i) The decision of the Assessment Appeal Panel shall be a final decision of the Exchange, and shall constitute a final disciplinary action of the Exchange. The fine is payable on the effective date of the decision or as specified. The effective date shall be fifteen (15) days after a copy of the written decision has been delivered to the Appellant and to the Commission.
- (7) The Assessment Appeal Panel shall consider and make recommendations to the Board concerning acceptance or rejection of, any offer of settlement submitted by Appellant. In the case of an offer of settlement, acceptance by the Board shall constitute the final disciplinary action of the Exchange.

(E) ARBITRATION PROCEDURE

- (1) Any claim for damages arising between a Buyer and a Seller as a result of a delivery pursuant to this contract shall be settled by arbitration in accordance with these Rules.
- (2) Notice of Intent to Arbitrate must be submitted to the Secretary of the Exchange within three business days of the occurrence upon which the claim is based or the decision of the Energy Delivery Committee with respect to a late or failed performance. Failure to submit a Notice of Intent to Arbitrate within the prescribed period will be deemed a waiver of a party's rights to arbitrate such a delivery dispute under the Special or Regular Arbitration Rules.
- (3) The Arbitration will be governed by Chapter 5 of the Rules except that the Chairman of the Exchange or his designee shall appoint an Arbitration Panel composed of three Members of the Exchange, at least one of whom shall be a Member of the Board of Directors.

II. PROPOSED RULE CHANGES

Proposed Amendment to Exchange Rule 9.26

(shading indicates additions; strikeouts indicates deletions.)

Rule 9.26 ALL MONTH/ANY ONE MONTH POSITION LIMITS

- (A) Subsection (A) remains unchanged.
- (B) The limits for each futures contract traded on the Exchange are:

Futures Contract		Net Position
(i) through (xi) remain the same.		
(xii)	Permian Basin Natural Gas	5,000 contracts
(xiii) (xii)	Liquefied Propane Gas	1,500 contracts
(xiv) (xiii)	Residual Fuel Oil	5,000 contracts
(xv) (xiv)	Palladium	625 contracts
(xvi) (xv)	Platinum	1,500 contracts
(xvii)	California Oregon Border Electricity	5,000 contracts
(xviii)	Palo Verde Electricity	5,000 contracts

Notwithstanding the limits set forth in this Subsection (B), no person may hold or control more than 5,000 Light Sweet or Sour Crude Oil contracts in any one month, more than 5,000 New York Heating Oil contracts in any one month, more than 5,000 New York Harbor Unleaded Gasoline contracts in any one month, more than 5,000 New York Harbor Conventional Gasoline Contracts in any one month, more than 5,000 Natural Gas contracts in any one month, more than 3,500 Permian Natural Gas contracts in any one month, or more than 500 Liquefied Propane Gas contracts in any one contract month, more than 3,500 COB Electricity contracts in any one month, or more than 3,500 Palo Verde Electricity contracts in any one month.

- (C) Notwithstanding the limits set forth in this Subsection (B), no person may hold or control a gross long futures position or a gross short futures position the greater side of which is in excess of the amounts set forth below:

Futures Contract		Gross Position
Remains the same through (xi).		
(xii)	Permian Basin Natural Gas	20,000 contracts
(xiii) (xii)	California Oregon Border Electricity	20,000 contracts

(xiv)	(xiii)	Palo Verde Electricity	20,000 contracts
(xv)	(xiv)	Platinum	6,000 contracts

(D) Notwithstanding the limits set forth in Subsection (B), no person may hold or control a gross option position per option quadrant which is in excess of the amounts set forth below:

Option Contract		Gross Position/ Option Quadrant
Remains the same through (vi)		
(vii)	Permian Basin Natural Gas	20,000
(viii)	(vii) California Oregon Border Electricity	20,000
(ix)	Palo Verde Electricity	20,000
(x)	Platinum	20,000

Proposed Amendment to Exchange Rule 9.27
(shading indicates additions; strikeouts indicates deletions.)

Rule 9.27 CURRENT DELIVERY MONTH POSITION LIMITS

(A) through (B) remain the same.

(C) The current delivery month position limits for petroleum, and Natural Gas and Electricity futures contracts are:

(i) through (ix) remain the same.

xii		Permian Basin Natural Gas	850	contracts
(xiii)	(xii)	Liquefied Propane Gas	250	contracts
(xiv)	(xiii)	Residual Fuel Oil	400	contracts
(xiv)		California Oregon Border Electricity	850	contracts
(xvi)		Palo Verde Electricity	850	contracts

Proposed Amendment to Exchange Rule 9.34
(shading indicates additions; strikeouts indicates deletions.)

Rule 9.34 REPORTING LEVELS

(A) remains the same through (xiii).

(xiv)		Permian Basin Natural Gas	25 contracts
(xv)	(xiv)	Palladium	25 contracts
(xvi)	(xv)	Platinum	50 contracts
(xvii)	(xvi)	GOB Electricity	25 contracts
(xviii)	(xvii)	Palo Verde Electricity	25 contracts
(xix)	(xiii)	Crude Oil L.S. Options Long Put	50 contracts
(xx)	(xix)	Crude Oil L.S. Options Long Call	50 contracts
(xxi)	(xx)	Crude Oil L.S. Options Short Put	50 contracts
(xxii)	(xxi)	Crude Oil L.S. Options Short Call	50 contracts
(xxiii)	(xxii)	New York Heating Oil Long Put	50 contracts
(xxiv)	(xxiii)	New York Heating Oil Long Call	50 contracts
(xxv)	(xxiv)	New York Heating Oil Short Put	50 contracts
(xxvi)	(xxv)	New York Heating Oil Short Call	50 contracts
(xxvii)	(xxvi)	N.Y.H. Unleaded Gasoline Long Put	25 contracts
(xxviii)	(xxvii)	N.Y.H. Unleaded Gasoline Long Call	25 contracts
(xxix)	(xxviii)	N.Y.H. Unleaded Gasoline Short Put	25 contracts
(xxx)	(xxix)	N.Y.H. Unleaded Gasoline Short Call	25 contracts
(xxxi)	(xxx)	Platinum Options Long Put	25 contracts
(xxxii)	(xxxi)	Platinum Options Long Call	25 contracts
(xxxiii)	(xxxii)	Platinum Options Short Put	25 contracts
(xxxiv)	(xxxiii)	Platinum Options Short Call	25 contracts
(xxxv)	(xxxiv)	Heating Oil-Crude Oil L.S. Spread Long Put	25 contracts
(xxxvi)	(xxxv)	Heating Oil-Crude Oil L.S. Spread Long Call	25 contracts
(xxxvii)	(xxxvi)	Heating Oil-Crude Oil L.S. Spread Short Put	25 contracts
(xxxviii)	(xxxvii)	Heating Oil-Crude Oil L.S. Spread Short Call	25 contracts
(xxxix)	(xxxviii)	N.Y.H. Unleaded Gas-Crude Oil L.S. Spread Long Put	25 contracts
(xl)	(xxxix)	N.Y.H. Unleaded Gas-Crude Oil L.S. Spread Long Call	25 contracts
(xli)	(xl)	N.Y.H. Unleaded Gas-Crude Oil L.S. Spread Short Put	25 contracts
(xlii)	(xli)	N.Y.H. Unleaded Gas-Crude Oil L.S. Spread Short Call	25 contracts
(xliii)	(xlii)	Natural Gas Options Long Put	25 contracts
(xliv)		Natural Gas Options Long Call	25 contracts
(xlv)		Natural Gas Options Short Put	25 contracts

(xlv)	Natural Gas Options Short Call	25 contracts
(xlvii)	Permian Natural Gas Options Long Put	25 contracts
(xlviii)	Permian Natural Gas Options Long Call	25 contracts
(xlix)	Permian Natural Gas Options Short Put	25 contracts
(i)	Permian Natural Gas Options Long Call	25 contracts
(ii)	California Oregon Border Electricity Options Long Put	25 contracts
(iii)	California Oregon Border Electricity Options Long Call	25 contracts
(iv)	California Oregon Border Electricity Options Short Put	25 contracts
(v)	California Oregon Border Electricity Options Short Call	25 contracts
(vi)	Palo Verde Electricity Options Long Put	25 contracts
(vii)	Palo Verde Electricity Options Long Call	25 contracts
(viii)	Palo Verde Electricity Options Short Put	25 contracts
(ix)	Palo Verde Electricity Options Short Call	25 contracts

For purposes of this Rule 9.26, option quadrants are : (a) long call; (b) short call; (c) long put; (d) short put.

II. CALIFORNIA OREGON BORDER ELECTRICITY OPTION CONTRACTS

380.01 CALIFORNIA OREGON BORDER ELECTRICITY OPTION CONTRACTS

A California Oregon Border Electricity Option contract on the Exchange shall expire at the close of trading on the business day immediately preceding the expiration of the underlying futures contract. The expiration date shall be announced prior to the listing of the option contract.

380.02 TRADING UNIT FOR CALIFORNIA OREGON BORDER OPTION CONTRACTS

A California Oregon Border Electricity Put or Call Option contract traded on the Exchange represents an option to assume a short or long position in the underlying futures contract traded on the Exchange.

380.03 TRADING MONTHS FOR CALIFORNIA OREGON BORDER OPTION CONTRACTS

Trading in California Oregon Border Electricity Option contracts shall be conducted in the months as shall be determined by the Board of Directors. Trading shall commence on the day fixed by resolution of the Board of Directors.

380.04 HOURS OF TRADING IN CALIFORNIA OREGON BORDER OPTION CONTRACTS

The hours of trading in California Oregon Border Electricity Option contracts on the Exchange shall be the same as the hours of trading for California Oregon Border Electricity Futures contracts. All such trading shall take place on the trading floor of the Exchange within the hours prescribed by the Board.

380.05 STRIKE PRICES FOR CALIFORNIA OREGON BORDER OPTION CONTRACTS.

- (A) Trading shall be conducted for options with strike prices in increments of one dollar (\$1.00) per megawatt hour.

- (B) On the first business day of trading in an option contract month, trading shall be at the following eleven strike prices: (i) the previous day's settlement price for California Oregon Border Electricity Futures contracts in the corresponding delivery month rounded to the nearest strike price, unless such settlement price is precisely midway between two strike prices, in which case it shall be rounded off to the lower strike price, and (ii) the five strike prices which are five increments higher than the strike price described in (i) of this Rule 380.05(B), and (iii) the five strike prices which are five increments lower than the strike price described in (i) of this Rule 380.05(B).
- (C) Thereafter, on any business day no later than one day prior to the expiration of the option, new strike prices for both puts and calls will be added, such that at all times there will be at least five strike prices above and below the at-the-money strike price available for trading in all option contract months. The at-the-money strike price will be determined in accordance with the procedures set forth in Subsection (B) of this Rule 380.05.
- (D) Notwithstanding the provisions of subsections (A) through (C) of this Rule, if the Board determines that trading in California Oregon Border Electricity Options will be facilitated thereby, the Board may, by resolution, change the increments between strike prices, the number of strike prices which shall be traded on the first day in any new option contract month, the number of new strike prices which will be introduced on each business day or the period preceding the expiration of a California Oregon Border Electricity Option in which no new strike prices may be introduced.

380.06 PRICES IN CALIFORNIA OREGON BORDER ELECTRICITY OPTION CONTRACTS

Prices shall be quoted in dollars and cents per megawatt hour and prices shall be in multiples of \$0.01 (1 cent) per megawatt hour. A cabinet trade may occur at a price of \$0.001358 per megawatt hour, or \$1.00 per contract, however, if it results in the liquidation of positions for both parties to the trade.

380.07 ABSENCE OF PRICE FLUCTUATION LIMITATIONS FOR CALIFORNIA OREGON BORDER OPTION CONTRACTS

Trading in California Oregon Border Option contracts shall not be subject to price fluctuation limitations.

ATTACHMENT B

List of Appendices

1. Dated August 9, 1995: Exchange application for contract market designation: California Oregon Border electricity futures contract.
2. August 31, 1995: Federal Register notice requesting public comment on the proposed futures contract designation (60 Fed. Reg. 45402).
3. Dated October 23, 1995: Exchange application for contract market designation: California Oregon Border electricity futures option contract.
4. November 6, 1995: Federal Register notice requesting public comment on the proposed futures contract designation (60 Fed. Reg. 56053).
5. Dated November 2, 1995: Supplemental Exchange submission containing resolutions associated with the proposed designations and speculative limit provisions.
6. Dated September 28, 1995: Joint comment letter from Salt River Project and Arizona Public Service Company.
7. Dated September 29, 1995: Comment letter from the Federal Energy Regulatory Commission.
8. Dated September 29, 1995: Comment letter from the Lower Colorado River Authority.
9. Dated October 2, 1995 and December 2, 1995: Comment letters from the Edison Electric Institute.
10. Dated December 21, 1995: Exchange submission containing supplemental information.